

DEPARTMENT OF PESTICIDE REGULATION FUNCTION-BASED ACCOUNTING

Background

The Department of Pesticide Regulation (DPR) is committed to ensuring that pest management in California is safe and effective and contributes to a clean, healthy, and sustainable environment. Like any government entity, to achieve our goals we must maximize results from finite resources. We believe the public is entitled to timely, accurate information on what our programs do, how much they cost, how well they work, and how monies are spent. In providing accountability, we must craft our information to our audience – the public. Our typical method of accountability is by organizational structure rather than by function. This usually fails to answer how the public views the expectations of public programs. DPR's Function-Based Accounting dramatically changes a standard accounting methodology to one that reflects key outputs driven by statutory requirements. Function-based accounting focuses on the costs and performance of specific program functions rather than those of organizational units. The integrated nature of DPR's programs made such an endeavor worthwhile.

DPR began developing its function-based accounting approach in Fiscal Year (FY) 2000-01. Our goal was to be more accountable and transparent. We also needed to respond to a legislative mandate (Chapter 523 of 2001, Assembly Bill [AB] 780) to report to the Legislature on the funding needed to support California's pesticide regulatory program and appropriate, long-term funding sources. To provide this information, DPR needed to determine the cost of its program functions. This was a challenge since DPR's accounting system (typical of other State agencies) then captured costs by branch and not by function. And functions often involved more than one branch.

As a first step, DPR identified 11 major program functions and classified each to the activity level. DPR organized these functions not by branch but in a manner reflecting how the Legislature, the public, and other stakeholders view Department activities. The cost analysis DPR produced for its AB780 report was based on actual FY 2000-01 costs, which was the most recently completed fiscal year at the time of the study.

DPR recognized that capturing, tracking and reporting functional costs was essential not only to report to the public, but to efficiently manage our program responsibilities. We needed an institutionalized method to capture and manipulate this cost data for accurate tracking, reporting, and forecasting. DPR's accounting was using a standard State program (CALSTARS) provided by the Department of Finance (DOF). In December 2003, DPR (assisted by DOF) began redesigning its accounting system. The goal was to account for costs principally by the 11 major program functions and activities, and secondarily by branch. DPR used existing resources to set up the functional-based accounting system to achieve its goals of accountability and transparency, and function-based accounting went into effect FY 2004-05.

Function-Based Accounting– DPR Activities

1. Product registration.
2. Risk assessment.
3. Licensing and certification.
4. Permitting and use reporting System.
5. Monitoring/surveillance (continuous evaluation).
6. Mitigation of human health risks.
7. Mitigation of environmental health risks.
8. Pest management programs.
9. Use enforcement and compliance.
10. Product compliance/Mill Assessment.
11. Distributed program/executive management and administration.

Function-Based Accounting Methodology

DPR has taken a “building-block” approach to develop its function-based accounting (see example below). DPR assigned an “index code” to each of the 11 functions and their activities. These codes provide new levels of accounting detail to track costs by branch (or unit), and by federal grant agreements. Since most employees work consistently on certain types of functions and activities, DPR used a feature that automatically allocates an employee’s time and other costs for routine work to the appropriate functional index and program cost account code. For nonroutine work, employees allocate their work time, operating expenses, and equipment costs on reporting forms. DPR uses the flexibility of the system to provide reports on costs by function, as well as by branch.

This example illustrates multiple branch functions:

	Functions		
	Product Registration	Mitigation of Human Health Risks	Risk Assessment
Pesticide Registration Branch	X		
Medical Toxicology Branch	X		X
Worker Health & Safety Branch	X	X	X
Environmental Monitoring Branch		X	X

Department of Pesticide Regulation
Function-Based Accounting System

Page 3

A “function” in this context is one that is usually performed by more than one branch. For example, the pesticide registration function contains all the DPR activities to register a product. These include processing the registration application when it is received, doing a technical evaluation of it, performing a scientific evaluation of the product, and other activities. However, responsibility for these activities is shared by several branches, not only Pesticide Registration, but also Worker Health and Safety, and Medical Toxicology branches and, on occasion, Environmental Monitoring and Enforcement branches.